

A Look at what's inside

1 Pension Power: Your PSRS Membership is a Good Investment

3 Missouri Legislative Session Update

4 Proper Asset Allocation is Essential for Winning Investments

5 Attend a Summer Pre-Retirement Seminar
Deadlines Approaching for Unpaid Sick Leave, Workers' Compensation Leave and Military Leave Purchases

6 Reminders to Those Planning a July Retirement
Board Sets Interest Rates, Elects Chair and Vice Chair for 2015-2016 Fiscal Year

7 PSRS New and Improved Web Member Services is Your Online Membership Destination

Contact Us

PO Box 268
3210 W. Truman Blvd.
Jefferson City, MO 65102-0268
Call Toll Free (800) 392-6848 or
(573) 634-5290
Email: psrspeers@psrspeers.org
Website: www.psrs-peers.org

ACTIVE MEMBERS

Pension Power: Your PSRS Membership is a Good Investment

"I wish I could opt out of PSRS and keep that money in my paycheck."

Have you ever heard a fellow member of PSRS make such a statement? How did you respond?

The fact is, saving for retirement is never easy. We all have financial obligations, no matter what our age or career stage. We all want to provide a comfortable lifestyle for our families and ourselves right now.

But if you really think about it, it is easy to see that the contributions you make to your PSRS membership are one of the best, and most important, investments you can make.

What Your PSRS Membership Gets You – NOW: Financial Protection for Your Loved Ones

Should you die before retirement, your designated beneficiary can receive a lump-sum refund of your contributions and interest, or perhaps monthly benefits. You may also be eligible for disability benefits should you become injured or ill and unable to earn a livelihood.

Economical, Low-Risk Investment of Your Funds

PSRS offers a professional and economical approach to providing you reliable retirement security. Because PSRS invests the total assets of the fund, investments are more cost-effective than those of individual investors, and risk is shared among all members.

What Your PSRS Membership Gets You – LATER: Retirement Benefits for Life

You can view your membership as an automatic way of saving for your future financial security. PSRS benefits are paid for life, no matter how long you live. In fact, most retirees recover all of their contributions during the first five years of their retirement – but benefits continue for the rest of their lives and sometimes for their beneficiaries. Eligible benefit recipients can also receive cost-of-living adjustments (COLAs).

Contrast that with IRA, 403(b) or 401(k) type retirement accounts. These types of accounts are an important part of your retirement security. However, when relied upon alone,

CONTINUED ON PAGE TWO



PSRS for your BENEFIT

PENSION POWER: YOUR PSRS MEMBERSHIP IS A GOOD INVESTMENT, CONTINUED FROM PAGE ONE

these funds can run out and leave you without the retirement income you need.

Will Your Savings Be Enough for Retirement?

According to a March 2015 study¹ by the National Institute on Retirement Security, among households near retirement, the median retirement account balance is just \$14,500. In addition, 62% of working households age 55 to 64 have retirement savings of less than one times their annual income. This is far below what Americans need to be self-sufficient in retirement.

Consider that most experts agree you will need 70% to 90% of your pre-retirement income to maintain your standard of living in retirement. If you are like the average American, how far will your personal retirement savings take you? A guaranteed lifetime monthly benefit can make all the difference in your retirement security.

Social Security Might Not Help as Much as You Think

Most PSRS members do not pay into Social Security on PSRS-covered salary. If you qualify for both a PSRS benefit and a Social Security benefit, either because you have sufficient Social Security-covered employment outside of PSRS, or through a spouse, two Social Security laws – the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) – can reduce your Social Security benefit. We recommend that you contact the Social Security Administration to find out how you will be affected.

Be Careful if an Investment Seems Too Good to Be True

A qualified, trusted financial planner can provide you with valuable advice, help evaluate your overall financial situation and help you create a complete retirement plan. But any promise of riches or unusually high investment returns achieved by taking a refund of your PSRS contributions and interest and investing them elsewhere should be viewed with skepticism.

The financial benefits of receiving lifetime retirement benefits from PSRS are hard to beat through individual investment programs.

Unfortunately, some members experienced this fact first hand in 2008-2009. Vested members who could have received retirement benefits upon reaching eligibility did, in some cases, choose instead to take a refund of their contributions and interest to invest elsewhere.

By doing so, they forfeited their rights to future retirement benefits. When the stock market dropped and the economy experienced what has been called the “great recession,” they were unable to achieve the type of investment results they anticipated. Some lost a substantial portion of their retirement savings in a relatively short period of time.

Take Advantage of a Good Investment

A 2014 Harris poll² found that 75% of Americans are worried about having enough income in retirement, and in the previously mentioned survey published by the National Institute on Retirement Security, 86% of respondents agree that the country is facing a retirement crisis.

You have an advantage as a PSRS member. Once you are vested (have five years of qualified service), you can receive lifetime benefits when you become eligible.

Your benefits are based on a formula set by law, eligible for cost-of-living adjustments (COLAs), and payable as long as you live. That is an investment you just can't beat, and peace of mind you can take to the bank.

¹ http://www.nirsonline.org/storage/nirs/documents/2015%20Opinion%20Research/final_opinion_research_2015.pdf

² <http://www.harrisinteractive.com/NewsRoom/HarrisPolls/tabid/447/ctl/ReadCustom%20Default/mid/1508/ArticleId/1463/Default.aspx>



Missouri Legislative Session Update

The following bills have been introduced that impact the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) and our members.

PSRS 2.55% Benefit Factor

House Bill (HB) 478, introduced by Representative Paul Fitzwater, and **Senate Bill (SB) 219**, introduced by Senator Wayne Wallingford, contain language to re-establish the 2.55% benefit formula factor for PSRS members retiring with 31 or more years of service. HB 478 does not contain an emergency clause and would be effective August 28, 2015 if passed and signed into law by the governor. SB 219 contains an emergency clause and would be effective immediately upon becoming law.

The PSRS/PEERS Board of Trustees took a position in favor of these bills at the February 2015 Board meeting. The permanent re-establishment of the 2.55% benefit factor would result in a cost savings of almost \$7.7 million annually for the Systems and would reduce PSRS/PEERS' Unfunded Actuarial Accrued Liability (UAAL) by nearly \$70 million.

Working After Retirement for Third-Party Employers or Independent Contractors

House Bill (HB) 1085, introduced by Representative Mike Lair, requires PSRS retirees employed by a third party or working as an independent contractor in the position of a temporary or long-term substitute teacher to also comply with the statutory 50% salary and 550-hour working after retirement limits.

The Board has taken a position in favor of this bill, which would create a more equitable situation for retirees working as substitute teachers, whether they work directly for a covered school district or for a third-party contractor providing substitutes for a covered school district.

Joint-and-Survivor Plan Divorce "Pop-up"

House Bill (HB) 1086, also introduced by Representative Mike Lair, allows any PSRS/PEERS Joint-and-Survivor plan benefit recipient who has named his or her spouse to receive lifetime benefits at his or her death and subsequently divorces to "pop-up" to a Single Life benefit, if qualifications are met. Currently, such a pop-up is only available to Joint-and-Survivor plan benefit recipients when a beneficiary predeceases the member.

To qualify:

- The divorce must occur on or after **September 1, 2015**.
- The divorce decree **must** provide for **sole** retention of retirement benefits.
- The retiree **must** apply for the divorce "pop-up" provision.
- Retroactive benefits are not payable. Increased benefits begin at the time of application.

The Board has taken a position in favor of this bill, as well.

On April 14, **Senate Bill (SB) 270**, introduced by Senator Jamilah Nasheed, was amended to include the PSRS working after retirement for third-party employers or independent contractors provision and the Joint-and-Survivor Plan divorce "pop-up" provision.

Other Retirement Legislation

House Bill (HCS HB) 752, introduced by Representative Tony Dugger, changes the Pension Forfeiture Act of 2014. This law states that any public retirement system participant found guilty or convicted of certain felonies in connection to his or her employment will forfeit retirement benefits from that public retirement system. HB 752 makes the following modifications:

- It requires employers to notify PSRS/PEERS of any felony charge or conviction in connection with an active member's employment.
- It increases the threshold from \$5,000 to \$25,000 for felony stealing and felony receiving stolen property.

Stay Informed

Please keep in mind that the status of these bills can change daily. These bills must be passed and approved by the legislature and signed by the governor in order to become law.

The governor has 15 days to act on a bill if it is delivered to him during the legislative session, and 45 days if delivered to him after the legislature adjourns on May 15.

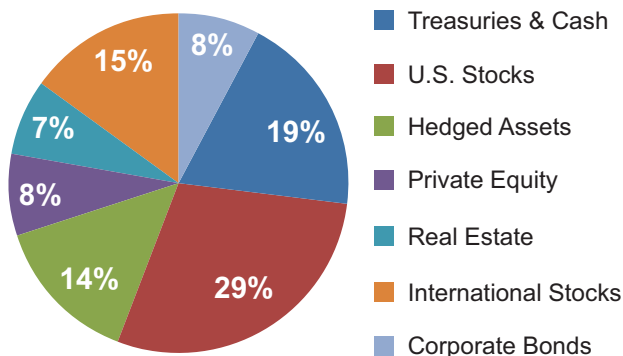
To view a summary and current status of the bills we are tracking this session and to sign up for email updates, visit www.psrs-peers.org/legislation.

Proper Asset Allocation is Essential for Winning Investments

One of the most important factors in a pension fund's long-term investment success is the makeup of its asset allocation. An asset allocation is the mix of different types of investments held at any given time, balanced and proportioned according to investment goals, time frame and risk tolerance.

One of our objectives at the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) is to continuously analyze our asset allocation to ensure it is positioned appropriately for *future* investment market environments. Ultimately, our investment staff strives to achieve the best allocation of funds among asset classes given the Systems' return requirements, low risk tolerance and benefit promises to our members.

**PSRS/PEERS Asset Allocation
as of June 30, 2014**



Using Asset Allocation to Reduce Volatility, Improve Returns

Volatility is the amount of uncertainty related to the size of changes in the value of an investment or asset class. Lower volatility indicates that an investment's value does not fluctuate dramatically, but instead changes in value at a steady pace over time. The volatility of investment returns matters because lower volatility translates into higher returns. If two portfolios have the same average return, the one with the lower volatility will generate a higher compounded annual return and will result in a greater fund balance over time.

Diversification Leads to Long-Term Gains

The primary way to reduce portfolio volatility is by including additional, uncorrelated asset classes. This is known as diversifying the portfolio. Rarely do all asset classes rise or fall in value at the same time. The theory behind diversification is that if one asset class is declining (or lower) in value, another unrelated asset class in your portfolio is rising (or higher). The result is a smoother series of returns for the portfolio in total, rather than if the value of the two asset classes moved down and up in a correlated fashion.

The most recent investment success at PSRS/PEERS has been the result of a more broadly diversified program complemented by non-traditional investment strategies (such as real estate, private equity and absolute return strategies) and more active management of assets. The PSRS/PEERS Board of Trustees made allocations to real estate and private equity over the last several years as a way to improve returns (relative to bonds), diversify stock risk and contribute greater stability to the overall portfolio. For example, the diversified portfolio provides the Systems with a moderate degree of downside protection in periods when the stock market declines.

In the end, the overall primary mission and focus remains investing the Systems' assets to earn the 8% actuarial assumed rate of return over a long-term time horizon.

Thinking Big Picture to Win

We do not expect the PSRS/PEERS asset allocation to provide short-term 'home-run' like returns for the Systems. Instead, the diversified asset allocation is expected to enhance the probability that PSRS and PEERS can continue to deliver 'singles' through consistent and meaningful investment returns over the long-term for our members, and ultimately win the investment game.



To hear PSRS/PEERS Chief Investment Officer Craig Husting discuss the philosophy behind the Systems' successful investment program, visit www.psr-peers.org/videos

Attend a Summer Pre-Retirement Planning Seminar

Get answers to all your PSRS retirement questions at a summer Pre-Retirement Planning Seminar. Registration is required, but register early! Seating for each seminar is limited, and we cannot accept late registrations. Summer seminars are shown below.

To register, please call us at **(800) 392-6848**. You need an idea of your retirement date, along with your beneficiary's name and birth date. If you need assistance, we can help. We look forward to seeing you at a seminar!

Date	City	Time	Location	Address	Deadline to Register
June 16	Des Peres	1:00 p.m.	Lodge Des Peres	1050 Des Peres Rd.	June 2, 2015
June 23	Cape Girardeau	10:00 a.m.	Cape Girardeau Career & Tech. Center	1080 South Silver Springs Rd.	June 2, 2015
June 25	Springfield	1:00 p.m.	Ozarks Technical Community College	815 North Sherman Ave.	June 3, 2015
June 26	Springfield	10:00 a.m.	Ozarks Technical Community College	815 North Sherman Ave.	June 3, 2015
July 8	St. Charles	11:00 a.m.	Francis Howell Board Office	4545 Central School Rd.	June 22, 2015
July 9	Liberty	10:00 a.m.	Liberty North High School	1000 NE 104 th St.	June 25, 2015
July 21	St. Joseph	10:00 a.m.	Stoney Creek Inn – St. Joseph	1201 North Woodbine Rd.	July 1, 2015
July 23	Blue Springs	10:00 a.m.	Blue Springs High School	2000 NW Ashton Dr.	July 2, 2015

Deadlines Approaching for Unpaid Sick Leave, Workers' Compensation Leave and Military Leave Purchases

If you were absent from work due to unpaid sick leave, workers' compensation leave or military leave, you may be eligible to purchase service for the time missed. However, these types of service purchases have specific deadlines.

Unpaid Sick Leave and Workers' Compensation Leave

Purchase Payment Deadline: Two school years after the leave

You can purchase service that you lost because you were out on unpaid sick leave or workers' compensation leave. You must complete payment within the two school years following the leave. If your leave occurred during the 2012-2013 school year, your deadline to complete the purchase is June 30, 2015. Unpaid sick leave could include time you were on maternity or paternity leave.

Cost to Purchase

Your cost is the contributions you would have made to PSRS during the full period of the leave. Contact your employer to determine if your leave is eligible and arrange your payment. You can use tax-deferred (rollover) funds to pay for this type of service purchase.

Military Leave

Purchase Application Deadline: Within five years of re-employment following leave

PSRS members who have been on military leave covered by the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) can purchase service. To qualify, you must return to employment after your military leave with the same employer and apply to purchase the leave within five years of re-employment.

Your USERRA-covered service counts toward vesting your PSRS membership and retirement eligibility, regardless of whether you purchase your service. Purchased service is also included in the total service used to calculate your retirement benefit.

Cost to Purchase

Your cost is based on the salary that you would have been paid and the contribution rate in effect during your leave. You pay the employee portion and your employer pays the employer portion.

For more information on purchasing service, call us at **(800) 392-6848**.

Reminders to Those Planning a July Retirement

If a July 2015 retirement is in your plans, be sure you file your retirement paperwork on time.

Filing Your Retirement Paperwork

- Submit your **Service Retirement Application** and other required forms prior to July 1. **The law requires you file an application before your retirement date.** We recommend filing as soon as possible.
- Your retirement application is confidential. We will contact your employer for salary information *after* your retirement date.
- You can retire July 1 as long as you properly terminate employment by June 30, even if you receive paychecks through August.
- We will acknowledge receipt of your retirement application. Please call us if you do not receive acknowledgement within two weeks, or prior to your retirement date.

Proper Termination of Employment Required

You must properly terminate your pre-retirement employment in order to receive service retirement benefits. PSRS **requires a separation period of one month from your effective retirement date.**

In order to be considered to have properly terminated employment, you:

- Must end **all** employment with PSRS-covered employers.
- Cannot return to work for a PSRS-covered employer in any capacity for a period of **one month** after your PSRS retirement date. This may include volunteer work if you later become a paid employee with the same employer in the same, or a similar position.
- Cannot be under contract for employment at a PSRS-covered employer in any capacity until after receiving your first retirement benefit. A contract includes any type of early retirement incentive or separation agreement that requires you to return to work or volunteer in any capacity after retirement in return for salary, including health insurance benefits.

If you violate these rules, you are not considered terminated and are not eligible to receive retirement benefits. In addition, you are required to repay any benefits received while ineligible, including a Partial Lump Sum Option (PLSO) payment, and may be required to pay contributions on your salary until you properly terminate your employment.

Board Sets Interest Rates, Elects Chair and Vice Chair for 2015-2016 Fiscal Year

At the April meeting of the PSRS/PEERS Board of Trustees, the Board voted to keep the interest rate active members earn on their contributions at 1% for June 30, 2015. This rate has remained the same since 2010.

Interest is credited June 30 each year on the total funds in a membership, as of the previous June 30. This occurs until the membership is closed. Memberships are closed due to retirement, a refund of a member's contributions and interest, the death of the member, or when the member is not vested and is out of PSRS-covered employment for five consecutive school years.

This interest rate has no impact on the amount of retirement benefits. Interest is paid out through lump-sum payments made to members who request refunds of their contributions and the interest earned on those contributions, and to the beneficiaries of deceased members.

"Interest rates on savings accounts and certificates of deposit have remained steady again this year," said Steve Yoakum, PSRS/PEERS executive director. "As a result, an interest rate of 1% is still a fair rate on membership funds."

CONTINUED ON PAGE SEVEN

BOARD SETS INTEREST RATES, CONTINUED FROM PAGE SIX

The Board also voted to keep the interest rate charged on reinstatements of previously forfeited PSRS service and applicable service purchases at 8%. This is the Systems' assumed, or target rate of return on investments, and is the rate charged on such service purchases since 1980.



Dr. Aaron Zalis



Jason Hoffman

In other actions, the Board elected their leadership for the 2015-2016 school year. Dr. Aaron Zalis of Rolla Public Schools will continue to serve as chair, and Jason Hoffman of Jefferson City Public Schools will continue to serve as vice chair.

To read more about our Board members, visit us online at www.psrs-peers.org.

PSRS New and Improved Web Member Services is Your Online Membership Destination

PSRs Web Member Services is getting an upgrade! Beginning in June, PSRS Web Member Services – the part of our website that houses your secure membership information – gets an updated look, updated security and **convenient new features**, including the ability to view and **update your**:

- Mailing address
- Phone number
- Email address

Online meeting registration is also back. Search for convenient meeting dates and locations and sign up to attend a seminar, one-on-one counseling session or web counseling session.

Online users will be able to view:

- An archive of past and current **Member Statements**
- Contributions and interest earned
- Service and salary histories
- Beneficiary designations
- Open service purchases

You can also view any recent **Benefit Estimates** we have created for you and request new **Benefit Estimates** from our office. Coming this summer, you will have the option to create and save your own **Benefit Estimates** online.

This fall, additional options will be added, giving you the opportunity to:

- Update your beneficiary designations
- Create and view service purchase cost estimates
- File your **Service Retirement Application**



New Registration Required

The new site includes enhanced security features designed to ensure the safety of your personally identifiable information. Because of the security changes, all members must re-register for access, even if you currently have a login. Contact our Information Center at **(800) 392-6848** if you need assistance.

Your current login will no longer work when the new web member services goes live, so please remember to re-register. While setting up your new access, don't forget to tell us how you prefer to get future **For Your Benefit** newsletters – by email or the U.S. Postal Service.

Wherever you go this summer, be sure to visit us at www.psrs-peers.org. It's simple and well worth the trip!

Visit us at www.psrs-peers.org





PUBLIC SCHOOL RETIREMENT
SYSTEM OF MISSOURI

PO BOX 268 JEFFERSON CITY MO 65102-0268

PRSRT STD
U.S. Postage
PAID
Jefferson City, MO
PERMIT NO. 317

PSRS for your BENEFIT

A Look at what's inside

1
3
4
5
6
7

Pension Power: Your PSRS Membership is a Good Investment

Missouri Legislative Session Update

Proper Asset Allocation is Essential for Winning Investments

Attend a Summer Pre-Retirement Seminar

Deadlines Approaching for Unpaid Sick Leave, Workers' Compensation Leave and Military Leave Purchases

Reminders to Those Planning a July Retirement

Board Sets Interest Rates, Elects Chair and Vice Chair for 2015-2016 Fiscal Year

PSRS New and Improved Web Member Services is Your Online Membership Destination

15COMP0100



June 30, 2014 Financial Reports Available

The June 30, 2014 *Comprehensive Annual Financial Report* and the 2014 *Summary Report to Members* are available online at www.psrs-peers.org.